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February 24, 2005

Mr. Dennis O'Leary
Clerk to the Honorable Mark L. Wolf
United States District Court
Moakley U.S. Courthouse
1 Courthouse Way
Boston, MA 02210

Re: *ABC Mortgage Corporation et al., v. Scottsdale Insurance Co.*
Civil Action No.: 04-10816

Dear Mr. O'Leary:

I am writing in my capacity as counsel to ABC Mortgage Corporation. This letter follows on our prior correspondence to the Court of October 15, 2004, where pursuant to Judge Wolf's order of June 25, 2004 the parties reported to the Court the status of this matter. In the October 15, 2004 letter, the parties indicated that they would again report to the Court on or around December 31, 2004. At the time of the October letter, it was understood that a report by letter would comply with the Order. Based upon that information, we hope that this update by letter will also comply. I have conferred with counsel to Scottsdale Insurance Company, and this letter represents the joint views of both Mr. Abarbanel and me, on behalf of each of our clients.

This insurance coverage declaratory judgment action was stayed by the Court at the joint request of the parties for the reason that the underlying action (*Mulhern v. John G. Macleod d/b/a ABC Mortgage Co.*, Worcester Superior Court No. 02-2218A the "Mulhern" case) was pending on appeal with the Massachusetts Supreme Judicial Court. Subsequently, the Supreme Judicial Court remanded the underlying case to Superior Court for further proceedings.

On behalf of our respective clients Mr. Abarbanel and I jointly request that the current stay of proceedings remain in place for twenty more days pending the outcome of current discussions we are having. The parties

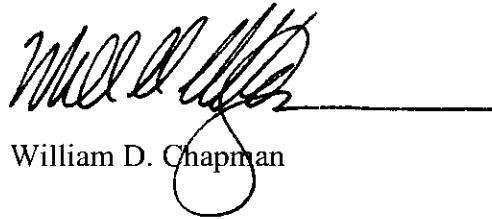
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propose that they report back to this court in twenty days, on March 16, 2005, or by further request of either the parties or the Court.

Thank you very much for your assistance and consideration with this matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William D. Chapman", is written over a horizontal line. The signature is stylized and cursive.

WDC/kaj
cc: Stephen J. Abarbanel